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IMF Report Says Canada's Economic Outlook Very Favourable

The Honourable Jim Flaherty, Minister of Finance, today welcomed the release of an annual International Monetary Fund (IMF) report that forecasts continued growth for the Canadian economy.

"I am glad to see the IMF staff highlight how Canada's macroeconomic and policy performance has continued to 'outshine' that of most other industrial countries," Minister Flaherty said.

The *Staff Report for the 2006 Article IV Consultation with Canada* forecasts Canadian real gross domestic product growth to be 3.1 per cent in 2006 and 3.0 per cent in 2007.

The report states that the short-term risks facing Canada are evenly balanced—recognizing there is a risk that a sharper-than-expected slowdown in the United States would affect Canada.

Against this background, the report focuses on the challenges for Canada of maintaining a balanced expansion and supporting economic flexibility and long-term growth in the face of population aging.

"This view is consistent with what I presented in the May budget," Minister Flaherty said. "And it underscores why we have acted to reduce taxes—while committing to control federal spending and planning on achieving debt reduction of $3 billion each year."

As required by Article IV of its Articles of Agreement, the IMF reviews economic developments and policies of each member country, usually on an annual basis. The IMF's report is released at the discretion of the country being reviewed. The Government supports this release in recognition of the importance of the IMF's surveillance activities, and as an expression of Canada's commitment to ensuring that these activities are transparent.

The IMF's full report on Canada and its accompanying papers can be found on the IMF website at www.imf.org.

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